

REFERENCE TITLE: vehicle license tax reduction

State of Arizona
House of Representatives
Forty-seventh Legislature
Second Regular Session
2006

HB 2706

Introduced by
Representatives Downing, Lopez L: Aguirre A, Konopnicki, Lopes, McCune
Davis, Miranda B, Sinema, Senators Aboud, Cannell, Garcia

AN ACT

AMENDING SECTIONS 28-5801 AND 28-5808, ARIZONA REVISED STATUTES; MAKING AN
APPROPRIATION; RELATING TO THE VEHICLE LICENSE TAX.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 28-5801, Arizona Revised Statutes, is amended to
3 read:

4 28-5801. Vehicle license tax rate

5 A. At the time of application for and before registration each year of
6 a vehicle, the registering officer shall collect the vehicle license tax
7 imposed by article IX, section 11, Constitution of Arizona. On the
8 taxpayer's vehicle license tax bill, the registering officer shall provide
9 the taxpayer with the following:

10 1. Information showing the amount of the vehicle license tax that each
11 category of recipient will receive and the amount that is owed by the
12 taxpayer.

13 2. The amount of vehicle license tax the taxpayer would pay pursuant
14 to section 28-5805 if the taxpayer's motor vehicle was powered by alternative
15 fuel.

16 B. Except as OTHERWISE provided in ~~subsections C and D of~~ this
17 section:

18 1. During the first twelve months of the life of a vehicle as
19 determined by its initial registration, the vehicle license tax is ~~based on~~
20 ~~each~~ TWO DOLLARS EIGHTY CENTS PER one hundred dollars in value, the value of
21 the vehicle is sixty per cent of the manufacturer's base retail price of the
22 vehicle and the vehicle license tax rate for each of the recipients is as
23 follows:

24 (a) EXCEPT AS PROVIDED IN PARAGRAPH 2 OF THIS SUBSECTION, the rate for
25 the Arizona highway user revenue fund is one dollar twenty-six cents.

26 (b) The rate for the county general fund is sixty-nine cents.

27 (c) The rate for counties for the same use as highway user revenue
28 fund monies is sixteen cents.

29 (d) The rate for incorporated cities and towns is sixty-nine cents.

30 2. A VEHICLE THAT HAS AN AVERAGE MILES PER GALLON RATING COMPUTED AS
31 THE ARITHMETIC AVERAGE OF THE CITY MILES PER GALLON AND HIGHWAY MILES PER
32 GALLON AS ESTABLISHED IN THE FUEL ECONOMY GUIDE AS COMPILED BY THE UNITED
33 STATES ENVIRONMENTAL PROTECTION AGENCY AND THE UNITED STATES DEPARTMENT OF
34 ENERGY, OR AS COMPUTED FROM SUCH OTHER INFORMATION SOURCE AS MAY BE AVAILABLE
35 TO THE DEPARTMENT OF TRANSPORTATION FOR ANY VEHICLE NOT LISTED IN THE FUEL
36 ECONOMY GUIDE, SHALL RECEIVE A REDUCTION IN THE VEHICLE LICENSE TAX AS
37 FOLLOWS:

38 (a) FOR A VEHICLE WITH AN AVERAGE MILES PER GALLON RATING OF AT LEAST
39 THIRTY-ONE MILES PER GALLON BUT LESS THAN THIRTY-SIX MILES PER GALLON, THE
40 VEHICLE LICENSE TAX CALCULATED UNDER PARAGRAPH 1 OF THIS SUBSECTION IS
41 REDUCED BY TWENTY-FIVE PER CENT.

42 (b) FOR A VEHICLE WITH AN AVERAGE MILES PER GALLON RATING OF AT LEAST
43 THIRTY-SIX MILES PER GALLON BUT LESS THAN FORTY-ONE MILES PER GALLON, THE
44 VEHICLE LICENSE TAX CALCULATED UNDER PARAGRAPH 1 OF THIS SUBSECTION IS
45 REDUCED BY FIFTY PER CENT.

(c) FOR A VEHICLE WITH AN AVERAGE MILES PER GALLON RATING OF AT LEAST FORTY-ONE MILES PER GALLON BUT LESS THAN FORTY-SIX MILES PER GALLON, THE VEHICLE LICENSE TAX CALCULATED UNDER PARAGRAPH 1 OF THIS SECTION IS REDUCED BY SEVENTY-FIVE PER CENT.

(d) FOR A VEHICLE WITH AN AVERAGE MILES PER GALLON RATING OF FORTY-SIX MILES PER GALLON OR GREATER, THE VEHICLE LICENSE TAX IS TEN DOLLARS.

~~2-~~ 3. During each succeeding twelve month period, the vehicle license tax is ~~based on each~~ TWO DOLLARS EIGHTY-NINE CENTS PER one hundred dollars in value, the value of the vehicle is 16.25 per cent less than the value for the preceding twelve month period and the vehicle license tax rate for each of the recipients is as follows:

(a) EXCEPT AS PROVIDED IN PARAGRAPH 4 OF THIS SUBSECTION, the rate for the Arizona highway user revenue fund is one dollar thirty cents.

(b) The rate for the county general fund is seventy-one cents.

(c) The rate for counties for the same use as highway user revenue fund monies is seventeen cents.

(d) The rate for incorporated cities and towns is seventy-one cents.

4. A VEHICLE THAT HAS AN AVERAGE MILES PER GALLON RATING COMPUTED AS THE ARITHMETIC AVERAGE OF THE CITY MILES PER GALLON AND HIGHWAY MILES PER GALLON AS ESTABLISHED IN THE FUEL ECONOMY GUIDE AS COMPILED BY THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY AND THE UNITED STATES DEPARTMENT OF ENERGY, OR AS COMPUTED FROM SUCH OTHER INFORMATION SOURCE AS MAY BE AVAILABLE TO THE DEPARTMENT OF TRANSPORTATION FOR ANY VEHICLE NOT LISTED IN THE FUEL ECONOMY GUIDE, SHALL RECEIVE A REDUCTION IN THE VEHICLE LICENSE TAX AS FOLLOWS:

(a) FOR A VEHICLE WITH AN AVERAGE MILES PER GALLON RATING OF AT LEAST THIRTY-ONE MILES PER GALLON BUT LESS THAN THIRTY-SIX MILES PER GALLON, THE VEHICLE LICENSE TAX CALCULATED UNDER PARAGRAPH 3 OF THIS SUBSECTION IS REDUCED BY TWENTY-FIVE PER CENT.

(b) FOR A VEHICLE WITH AN AVERAGE MILES PER GALLON RATING OF AT LEAST THIRTY-SIX MILES PER GALLON BUT LESS THAN FORTY-ONE MILES PER GALLON, THE VEHICLE LICENSE TAX CALCULATED UNDER PARAGRAPH 3 OF THIS SUBSECTION IS REDUCED BY FIFTY PER CENT.

(c) FOR A VEHICLE WITH AN AVERAGE MILES PER GALLON RATING OF AT LEAST FORTY-ONE MILES PER GALLON BUT LESS THAN FORTY-SIX MILES PER GALLON, THE VEHICLE LICENSE TAX CALCULATED UNDER PARAGRAPH 3 OF THIS SUBSECTION IS REDUCED BY SEVENTY-FIVE PER CENT.

(d) FOR A VEHICLE WITH AN AVERAGE MILES PER GALLON RATING OF FORTY-SIX MILES PER GALLON OR GREATER, THE VEHICLE LICENSE TAX IS TEN DOLLARS.

~~3-~~ 5. The minimum amount of the vehicle license tax computed under this section is ten dollars per year for each vehicle that is subject to the tax. If the product of all of the rates prescribed in paragraph 1, ~~or~~ 2, 3 OR 4 of this subsection is less than ten dollars, the vehicle license tax is ten dollars. The vehicle license tax collected pursuant to this paragraph

1 shall be distributed to the recipients prescribed in this subsection based on
2 the percentage of each recipient's rate to the sum of all of the rates.

3 C. The vehicle license tax is as follows for noncommercial trailers
4 that are not travel trailers and that are less than six thousand pounds gross
5 vehicle weight:

6 1. On initial registration, a one-time vehicle license tax of one
7 hundred five dollars.

8 2. On renewal of registration, a one-time vehicle license tax of
9 seventy dollars.

10 D. The vehicle license tax is as follows for a trailer or semitrailer
11 that exceeds ten thousand pounds gross vehicle weight:

12 1. On initial registration, a one-time vehicle license tax of five
13 hundred fifty-five dollars.

14 2. On renewal of registration or if previously registered in another
15 state, a one-time vehicle license tax of:

16 (a) If the trailer's or semitrailer's model year is less than six
17 years old, three hundred fifty-five dollars.

18 (b) If the trailer's or semitrailer's model year is at least six years
19 old, one hundred dollars.

20 E. The vehicle license tax collected pursuant to subsection C or D of
21 this section shall be distributed to the recipients prescribed in subsection
22 B of this section based on the percentage of each recipient's rate to the sum
23 of all of the rates.

24 F. For the purposes of subsection C of this section, "travel trailer"
25 has the same meaning prescribed in section 28-2003.

26 Sec. 2. Section 28-5808, Arizona Revised Statutes, is amended to read:
27 28-5808. Vehicle license tax distribution

28 A. The director shall distribute monies collected by the director
29 pursuant to section 28-5801, except monies deposited in the state general
30 fund, on the first and fifteenth calendar day of each month as follows:

31 1. On the first calendar day, the director shall deposit, pursuant to
32 sections 35-146 and 35-147, all of the Arizona highway user revenue fund
33 monies received from the first through the fifteenth calendar day of the
34 preceding month in the Arizona highway user revenue fund, except that on the
35 first calendar day the director shall deposit, pursuant to sections 35-146
36 and 35-147, in the parity compensation fund established by section 41-1720,
37 1.51 per cent of the portion of vehicle license tax revenues that otherwise
38 would be deposited in the state highway fund from the first through the
39 fifteenth calendar day of the preceding month. **IN ADDITION, THE STATE
40 TREASURER SHALL DEPOSIT, PURSUANT TO SECTIONS 35-146 AND 35-147, MONIES IN
41 THE ARIZONA HIGHWAY USER REVENUE FUND FROM THE STATE GENERAL FUND IN AN
42 AMOUNT EQUAL TO THE REDUCTION IN VEHICLE LICENSE TAXES AS CALCULATED BY THE
43 DIRECTOR UNDER SECTION 28-5801, SUBSECTION B, PARAGRAPHS 2 AND 4 FOR THE
44 FIRST THROUGH THE FIFTEENTH CALENDAR DAY OF THE PRECEDING MONTH.**

1 2. On the fifteenth calendar day, the director shall deposit, pursuant
2 to sections 35-146 and 35-147, all of the Arizona highway user revenue fund
3 monies received from the sixteenth through the last day of the preceding
4 month in the Arizona highway user revenue fund, except that on the fifteenth
5 calendar day, the director shall deposit, pursuant to sections 35-146 and
6 35-147, in the parity compensation fund established by section 41-1720, 1.51
7 per cent of the portion of vehicle license tax revenues that otherwise would
8 be deposited in the state highway fund from the sixteenth through the last
9 day of the preceding month. **IN ADDITION, THE STATE TREASURER SHALL DEPOSIT,**
10 **PURSUANT TO SECTIONS 35-146 AND 35-147, MONIES IN THE ARIZONA HIGHWAY USER**
11 **REVENUE FUND FROM THE STATE GENERAL FUND IN AN AMOUNT EQUAL TO THE REDUCTION**
12 **IN VEHICLE LICENSE TAXES AS CALCULATED BY THE DIRECTOR UNDER SECTION 28-5801,**
13 **SUBSECTION B, PARAGRAPHS 2 AND 4 FOR THE SIXTEENTH THROUGH THE LAST DAY OF**
14 **THE PRECEDING MONTH.** On the fifteenth calendar day, the director shall
15 distribute or deposit all other monies received during the entire preceding
16 month as follows:

17 (a) The county general fund monies to the county general fund.

18 (b) The county highway monies to the state treasurer to be apportioned
19 among the counties for the same use as highway user revenue fund monies on
20 the basis that the population of the unincorporated area of each county bears
21 to the population of the unincorporated areas of all counties in this state.

22 (c) The incorporated cities and towns monies to the incorporated
23 cities and towns of the county in proportion to the population of each.

24 3. The deposit of the monies in the parity compensation fund pursuant
25 to paragraphs 1 and 2 of this subsection shall not impact the distribution of
26 vehicle license tax revenues to the state general fund and to cities, towns
27 and counties pursuant to this section.

28 B. The director shall distribute monies collected by the director
29 pursuant to sections 28-5804, 28-5805, 28-5806 and 28-5810, except monies
30 deposited in the state general fund, on the first and fifteenth calendar day
31 of each month as follows:

32 1. On the first calendar day, the director shall deposit, pursuant to
33 sections 35-146 and 35-147, 37.61 per cent of all monies received from the
34 first through the fifteenth calendar day of the preceding month in the
35 highway user revenue fund.

36 2. On the fifteenth calendar day, the director shall deposit, pursuant
37 to sections 35-146 and 35-147, 37.61 per cent of all monies received from the
38 sixteenth through the last day of the preceding month in the highway user
39 revenue fund and distribute or deposit the following amounts as a percentage
40 of all monies received pursuant to sections 28-5804, 28-5805, 28-5806 and
41 28-5810 during the entire preceding month as follows:

42 (a) 20.45 per cent to the county general fund.

43 (b) 4.91 per cent to the state treasurer to be apportioned among the
44 counties for the same use as highway user revenue fund monies on the basis

1 that the population of the unincorporated area of each county bears to the
2 population of the unincorporated areas of all counties in this state.

3 (c) 20.45 per cent to the incorporated cities and towns of the county
4 in proportion to the population of each.

5 (d) Except as provided in subsection C of this section, 1.64 per cent
6 shall be deposited, pursuant to sections 35-146 and 35-147, in the state
7 highway fund established by section 28-6991.

8 (e) 4.09 per cent in the state highway fund established by section
9 28-6991.

10 (f) 10.85 per cent shall be deposited, pursuant to sections 35-146 and
11 35-147, in the state general fund to aid school financial assistance.

12 C. Through September 30, 2003, if the department's authorized share of
13 federal surface transportation program monies in each year is more than
14 forty-two million dollars, the director shall deposit each year in equal
15 installments during the year an annual amount equal to the difference between
16 this state's authorized share of federal surface transportation program
17 monies and forty-two million dollars from the amount prescribed in subsection
18 B, paragraph 2, subdivision (d) of this section in the local transportation
19 assistance fund established by section 28-8101. Monies deposited in the
20 local transportation assistance fund pursuant to this subsection shall be
21 distributed to eligible cities, towns and counties as provided in section
22 28-8103. The amount distributed pursuant to this subsection shall not exceed
23 the amount prescribed in subsection B, paragraph 2, subdivision (d) of this
24 section.

25 D. For purposes of this section the population of a county, city or
26 town shall be determined as provided by section 28-6532 or 42-5033.01. If an
27 incorporated city or town has had no federal enumeration of population, the
28 supervisors shall both:

29 1. Appoint a qualified person to take an accurate census of the
30 incorporated city or town.

31 2. Certify the results to the county treasurer, and the incorporated
32 city or town shall share in the distribution as provided by this section.

33 Sec. 3. Appropriation; purpose; exemption

34 A. The sum of \$_____ is appropriated from the _____ fund in
35 fiscal year 2006-2007 to the department of transportation for the
36 administration of this act.

37 B. The appropriation made in subsection A of this section is exempt
38 from the provisions of section 35-190, Arizona Revised Statutes, relating to
39 lapsing of appropriations.

40 Sec. 4. Retroactivity

41 This act is effective retroactively to from and after December 31,
42 2005.